

AGENDA



Thursday, December 18, 2008

Public Hearings and Possible Actions
RECOMMENDATION FOR COUNCIL ACTION

Item No. 114

Subject: Conduct a public hearing and consider approval of an ordinance regarding the creation of the "Homestead Preservation Reinvestment Zone Number One," a tax increment reinvestment zone for affordable housing for the Homestead Preservation District project area, generally located within the boundaries of IH-35 on the west; Lady Bird Lake on the south; Springdale Road to Lyons Road to Webberville Road to Oak Springs Drive to Airport Boulevard on the east; and 38th ½ Street to Cherrywood Road to Manor Road on the north.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Margaret R. Shaw, Director, Neighborhood Housing and Community Development, 974-3184.

Prior Council Action: January 11, 2007, approved ordinance designating a Homestead Preservation District under Local Government Code 373A; January 31, 2008, approved resolution directing City Manager to work with Travis County to begin the steps needed to implement a Homestead Preservation Reinvestment Zone in all or a portion of the Homestead Preservation District; October 16, 2008, approved a resolution adopting preliminary tax increment reinvestment zone project and financing plans for the proposed Homestead Preservation Reinvestment Zone, and authorizing the City Manager to distribute the plans and the City's Notice of Intent to designate the Homestead Preservation Reinvestment Zone Number One to all other taxing jurisdictions.

The Homestead Preservation Districts and Reinvestment Zones Statute (Texas Local Gov't Code Chapter 373A) provides tools to assist low to moderate income residents to continue to live in Central East Austin, an area which has experienced fast rising home values. These tools include a land trust, land bank and tax increment reinvestment zones for affordable housing.

I. Background: The HPD statute grants certain authority to create low to moderate income affordable housing in Central East Austin. One tool is the Homestead Preservation Reinvestment Zone ("HPRZ"). The Council was briefed on the Homestead Preservation Reinvestment Zone on November 20, 2008. Travis County Commissioners were briefed on November 25, 2008.

II. Purpose: Conduct a public hearing on the creation of the proposed Homestead Preservation Reinvestment Zone and its benefits to the community and property in the zone, and receive input from community stakeholders on the Zone and project and financing plans. The project plan outlines broad uses of funds following the income categories stipulated in the statute. Partners in affordable housing projects undertaken the Zone may be non-profit or for profit; the Community Land Trusts (CLTs) may also receive funds if they are designated by Council. The financing plan outlines the funds estimated to be collected from the tax on increased property value.

III. Next Steps: After conducting the public hearing, Council may approve the ordinance designating the Homestead Preservation Reinvestment Zone Number One, specifying the amount of tax increment to be contributed, and establishing a Board of Directors. City housing and financial staff continue to work with their County counterparts to share information. County staff indicate that they hope to conduct follow-up discussions on the proposal at the

Commissioners Court meeting on December 30, 2008. They are in the process of analyzing the preliminary project and financing plan, as well as monitoring current economic conditions and the potential impact of the HPRZ on current and future property tax revenue in the County's general fund.

If Council chooses to approve the creation of HPRZ Number One on December 18, 2008, the attached ordinance has been drafted to allow a tax increment that will be determined when negotiations with Travis County are concluded and Travis County has adopted an order agreeing to creation of the HPRZ. HPRZ Number One does not become effective until Travis County adopts an order approving HPRZ Number One. If the Council defines the amount of the tax increment on December 18, 2008, and the County adopts an order agreeing to the creation of the HPRZ, its boundaries, termination date, and amount of increment, by December 31, 2008, then the base year for establishing the tax increment is 2008. If final approval occurs after January 1, 2009, the base year for establishing the tax increment is 2009. All terms will be reflected in an agreement between the City of Austin and Travis County to be executed after Travis County's adoption of an order.